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Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Fifth Committee

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I. Introduction

1. At its 3rd plenary meeting, on 17 September 1999, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-fourth session the item entitled "Review of the efficiency of the administrative and financial functioning of the United Nations" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered the question of procurement reform at its 3rd and 12th meetings, on 4 and 20 October 1999. Statements and observations made in the course of the Committee's consideration of the question are reflected in the relevant summary records (A/C.5/54/SR.3 and 12).

3. For its consideration of the question the Committee had before it the following documents:

(a) Report of the Secretary-General on procurement reform (A/C.5/52/46);

(b) Report of the Secretary-General on procurement reform (A/53/271 and Corr.1 and Add.1);

(c) Report of the Advisory Committee on Administrative and Budgetary Questions on procurement reform (A/53/692).

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II. Consideration of draft resolution A/C.5/54/L.8

4. At the 12th meeting, on 20 October, the representative of Pakistan, Vice-Chairman of the Committee, and coordinator of informal consultations introduced a draft resolution entitled "Procurement reform" (A/C.5/54/L.8).

5. At the same meeting, statements were made by the representatives of Finland (on behalf of States Members of the United Nations that are members of the European Union), Guyana (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), Algeria, Canada, the United States of America, Uganda, China, Mexico, Côte d'Ivoire, Cuba, Norway and Egypt (see A/C.5/54/SR.12).

6. Also at the same meeting, following a suspension of the meeting, on the proposal of the Chairman, the Committee decided to amend the heading of section VIII of draft resolution A/C.5/54/L.8 by inserting the words "The question of" before the words "Preferential treatment".

7. At the same meeting, the Committee adopted draft resolution A/C.5/54/L.8 as orally amended, without a vote (see para. 9).

8. Following the adoption of the draft resolution, statements in explanation of position were made by the representatives of Mexico (on behalf of States Members of the United Nations that are members of the Rio Group), Finland (on behalf of States Members of the United Nations that are members of the European Union), the Philippines (on behalf of States Members of the United Nations that are members of the Association of Southeast Asian Nations), Cuba, Thailand, Algeria, Canada and the United States of America (see A/C.5/54/SR.12).

III. Recommendation of the Fifth Committee

9. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Procurement reform

The General Assembly,

Recalling its resolutions 52/212 B of 31 March 1998, 52/214 B of 22 December 1997, 52/220 of 22 December 1997 , 52/252 of 8 September 1998, 53/204 of 18 December 1998 and 53/208 B of 18 December 1998,

Reaffirming its resolutions 49/216 C of 23 December 1994, 51/231 of 13 June 1997 and 52/226 A of 31 March 1998,

Having considered the reports of the Secretary-General on procurement reform[1] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[2]

Recognizing that the procurement procedures should be more transparent, effective and efficient and should fully reflect the international character of the Organization,

[1] A/C.5/52/46 and A/53/271 and Corr.1 and Add.1.

[2] A/53/692.

Noting the initial efforts to increase procurement opportunities for vendors from developing countries and countries with economies in transition, and stressing the need for further improvement in this respect,

I
General comment

1. *Recognizes* the recent improvements made by the Secretary-General in procurement reform;

2. *Notes with concern* that some of the provisions of its resolution 52/226 A have not been fully and adequately implemented, and requests the Secretary-General to complete the implementation of all outstanding matters;

3. *Stresses* the need for the procurement system to be transparent, open, impartial and cost-effective, based on competitive bidding and fully reflecting the international character of the Organization;

II
Procurement manual

4. *Welcomes* the publication of the Procurement Manual, and requests the Secretary-General to update it, as appropriate, taking into account the recommendations of the Board of Auditors in paragraphs 99 to 104 of its report[3] and including a step-by-step discussion of procedures required for field personnel to perform their duties;

III
General procurement process

5. *Requests* the Secretary-General to take the necessary measures to ensure that the bids received through electronic means are not compromised and to report on this in his next report on procurement reform;

6. *Endorses* the observations of the Advisory Committee on Administrative and Budgetary Questions regarding the need to take steps to ensure that specifications are not deliberately tailored to predetermine the choice of supplier and that the principle of separation of responsibilities of the requisitioning and approving officers is maintained;

7. *Requests* the Secretary-General to continue his efforts to ensure wider participation of suppliers from all Member States, taking into account the principles enshrined in the Charter of the United Nations;

8. *Also requests* the Secretary-General to improve further the competitive bidding process in order to ensure that vendors are granted reasonable time for submission of bids;

9. *Welcomes* the Secretary-General's increased use of modern electronic means of communication to disseminate information regarding requests for proposals, invitations to bid and requests for expression of interest, and requests him to continue to utilize traditional means of communication for such information upon request;

10. *Requests* the Secretary-General to consider ways to increase the transparency of procurement decisions, including the possibility of reviving the practice of reading of prices and other decisive elements at public bid openings for requests for proposals, and to report thereon in his next report on procurement reform;

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[3] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* (A/53/5), vol. I.

11. *Also requests* the Secretary-General to enhance and expedite the procurement process and to improve communication with suppliers;

IV
United Nations roster and common supplier database

12. *Notes* the efforts of the United Nations system to establish a common supplier database whereby participating organizations will be able to share information on suppliers, including evaluations of performance;

13. *Regrets* that the supplier roster is still not representative of the membership of the Organization, and reiterates its request to the Secretary-General to intensify further and to focus his efforts to broaden the geographical base of the roster;

14. *Requests* the Secretary-General to improve further the registration process for the supplier roster;

15. *Also requests* the Secretary-General to send tender invitations to all vendors, to the fullest extent possible, registered with specific categories and services on the supplier roster;

16. *Further requests* the Secretary-General to explore the possibility of using the harmonized system of classification of goods for United Nations procurement and to report thereon in his next report on procurement reform;

V
Procurement planning

17. *Encourages* the Secretary-General to continue to improve annual procurement planning for all offices and departments and to make such plans publicly available, including to all permanent missions to the United Nations;

VI
Exigency

18. *Notes with concern* the observations of the Advisory Committee on Administrative and Budgetary Questions[4] that the definition of exigency as outlined in the report of the Secretary-General[5] appears too broad to be of any real value in exercising the required control over the use of exigency, and urges the Secretary-General to submit a sharper and clearer definition of exigency needs to the General Assembly at its fifty-fourth session through the Advisory Committee;

VII
Increasing procurement from developing countries

19. *Notes with appreciation* the acknowledgement by the Secretary-General of the need to increase procurement opportunities for vendors from developing countries and countries with economies in transition and the steps taken in this regard, and requests him to enhance those efforts;

20. *Requests* the Secretary-General to submit in his next report on procurement reform detailed information on the award of contracts for procurement, at Headquarters and

[4] A/53/692, para. 10.

[5] A/C.5/52/46, para. 5.

in the field, to developing countries, in particular least developed and African countries and countries with economies in transition;

21. *Regrets* the initial delay in implementing the provisions of paragraph 13 of its resolution 52/226 B, and reiterates its request to the Secretary-General to take all possible measures to increase procurement from developing countries and countries with economies in transition, including the following:

(a) All tender invitations should be posted on the Procurement Division Web site as soon as they are prepared;

(b) All tender invitations should be sent to all permanent missions to the United Nations, as well as to all United Nations information centres and other United Nations offices away from Headquarters for wider dissemination among Member States;

(c) Procurement Division officials may undertake visits to developing countries and countries with economies in transition with a view to identifying potential vendors from those countries;

22. *Notes with concern* the observations of the Advisory Committee on Administrative and Budgetary Questions in paragraph 9 of its report[6] that out of the eleven countries visited by the procurement officials pursuant to paragraph 13 (c) of its resolution 52/226 A, only four were from the developing world and none were countries with economies in transition;

23. *Requests* the Secretary-General to make all efforts possible to facilitate identification of vendors in developing countries and countries with economies in transition, including through the expeditious dissemination of information relating to procurement to those countries and the organization of seminars at the country and regional levels between the business community and United Nations offices in those countries;

24. *Also requests* the Secretary-General to direct field offices to encourage interested local vendors to apply for registration on the Procurement Division vendor roster with a view to broadening its geographical base;

25. *Encourages* the use of procurement within the region for the requirements of missions, taking into account efficiency and cost-effectiveness;

VIII
The question of preferential treatment

26. *Reaffirms its request* to the Secretary-General to examine ways to increase opportunities for developing countries in the award of procurement contracts, in particular for least developed countries, African countries and countries with economies in transition, taking into account the experience of preferential treatment in this regard in the funds and programmes of United Nations organizations and other intergovernmental institutions, and to report thereon to the General Assembly in his next report on procurement reform;

27. *Requests* the Secretary-General to continue to explore ways to increase procurement of goods and services from developing countries, in particular from least developed and African countries, and to report thereon to the General Assembly at its fifty-fifth session;

28. *Also requests* the Secretary-General to submit a report on paying due attention to offers for procurement submitted by vendors from developing countries and countries

[6] A/53/692.

with economies in transition, without prejudice to the Financial Regulations and Rules of the United Nations and taking into account the provisions of the present resolution;

IX
Regulations and Rules

29. *Reiterates the request* contained in paragraph 4 of its resolution 52/226 A;

30. *Regrets* that the request contained in paragraph 28 of its resolution 52/226 A for submission of proposals on possible amendments to Financial Regulations and Rules of the United Nations and in order to address issues of potential conflict of interest has not been fulfilled, and requests the Secretary-General to submit the proposals as a matter of priority, but not later than the end of its fifty-fourth session;

31. *Looks forward* to the submission of the report requested in paragraph 10 of its resolution 52/252, as a matter of priority, but not later than the end of its fifty-fourth session;

32. *Requests* the Secretary-General to make proposals for improving the system of payment to suppliers, including possible mechanisms similar to letters of credit;

X
Performance measurement

33. *Requests* the Secretary-General to develop a comprehensive system to measure efficiency and cost-effectiveness of the procurement function, by taking into account the best practices of other organizations of the United Nations system in his next report on procurement reform;

XI
Reports of the Board of Auditors

34. *Requests* the Secretary-General to implement fully the provisions of paragraphs 3 and 4 of its resolution 52/212 B regarding the implementation of the recommendations of the Board of Auditors;

35. *Reiterates* the request contained in paragraph 6 of its resolution 53/204 addressed to the Secretary-General and the executive heads of the United Nations funds and programmes to ensure timely implementation of the recommendations of the Board of Auditors in its resolution 53/204;

XII
Format for reports

36. *Requests* the Secretary-General to develop a standard format for future reports on procurement reform;

37. *Emphasizes* that the reports of the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions on procurement reform should be submitted in accordance with paragraphs 24 and 25 of its resolution 52/214 B and paragraphs 10 to 12 of its resolution 53/208 B;

XIII
Method of determining the basis of statistical reports

38. *Endorses* the observations of the Advisory Committee on Administrative and Budgetary Questions in paragraph 8 of its report,[2] and requests the Secretary-General to indicate on what basis country of procurement is determined and how this methodology compares with recognized international practice.